# **Public Instruction**

(LFB Budget Summary Document: Page 461)

# LFB Summary Items for Which Issue Papers Have Been Prepared

Item #	<u>Title</u>
20	Residential Schools Maintenance Funding (Paper #650)
26	Minor Policy and Technical Changes Residential Schools - Housing Maintenance (Paper #651)
14	Supplies and Services and Unspecified Budget Reductions (Paper #652)
37	Technical Modifications: Restore Statutory References to Department of Public Instruction (Paper #653)
28	High School Graduation Examination (Paper #654)
2,3	State Support for Elementary and Secondary Education (Paper #655)
4	General Equalization Aids Procedure for Setting Funding Level (Paper #656)
5	Two-Thirds Rather than 66.7% State Support (Paper #657)
<u>-</u>	School District Revenue Limits School Districts with Changes in Pupil Enrollments (Paper #658)
2	School District Revenue Limits - Maximum Allowable Revenue Increase (Paper #659)
2	School District Revenue Limits Carryover of Unused Revenue Authority (Paper #660)
11	School District Revenue Limits Low Revenue Adjustment (Paper #661)
2	School District Revenue Limits Transfer of Service (Paper #662)
2	School District Debt Service Costs (Paper #663)
	Student Achievement Guarantee in Education (Paper #664)
2	School Tax Levy Credit (Paper #665)
	Aid for School Districts With Low-Income Students (Paper #666)
7	State Tuition Payments Reestimate (Paper #667)
47	Transfer of Certain School-to-Work Programs to DWD (Paper #668)
46	Transfer of Certain AODA Programs from DPI to DHFS (Paper #669)
32	Charter Schools Creation by Other Entities in the MPS District (Paper #670)
33,34&35	Charter Schools Statewide Changes (Paper #671)
30&31	Minor Policy and Technical Changes Postsecondary Enrollment Options Program (Paper #672)
30	Postsecondary Enrollment Options Program UW and Private Colleges (Paper #673)
31	Postsecondary Enrollment Options Program for Pupils Attending Technical Colleges (Paper #674)
	Reestimate of GPR Revenue from MA Reimbursement for School Based Services (Paper #675)
10	School Library Aids Distribution of Income from the Common School Fund (see Paper #792)

#### DPI (Base & Bill) Agency:

Staff Recommendations:

Paper No. 650: Alternative 3

se in the maintenant wake special plans Provides an increase in the maintenance budgets for the

Comments: Schools for the Deaf and the School for the Visually Handicapped. Deletes a BS reporting requirement on how these additional funds should be spent. DPI already has to get approval from DOA prior to spending these funds and as such a report is redundant. (see paragraph 3)

Paper No. 651: Approve Modifications - Brown

Paper No. 652: Alternative 3 (no action needed) (Declar older)

Comments: This alternative proposed reduced the agency's general program operations appropriation by \$491,600 annually. Because of the huge hit DPI took last session we think its appropriate to maintain current law here. As FB points out there are not many efficiencies left to be had at DPI. DPI was cut a lot more in the last budget than other agencies. (see paragraphs 1 & 3)

(The key here is to defeat the other motions)

Paper No. 653: Approve Modification -800

Paper No. 654: Alternative 2 (a) (c) & (d) (Wineke motion)

This is the graduation testing requirement. There will probably be much support for instituting this proposal. We do not want (b) to be adopted because MPS already has their own graduation exam in place and this will hurt them. (According to Bob, huge polling numbers in favor of testing requirements)

We would probably prefer to maintain current law here and not adopt any grad testing requirements. (see paragraph 6 & 7)

Wineke will probably have a motion which is supported by WEAC regarding this paper, but not sure if this is in lieu of an alternative or in addition but it may fail.

(The Senate Education Committee expressed concerns regarding the exam as a requirement of high school graduation exam and proposed that it be taken out of SB77)

Paper No. 655: Alternative 2

Comments: This is the paper which discusses the state's obligation to maintain the commitment made last session to fund 66.7% of K-12 education costs. Alternative 2 incorporates the re-estimate and will meet the 66.7% funding level. We have to do it otherwise the burden will again fall on property tax.

Paper No. 656: Alternative 2 (no action needed)

Comments: Governor recommends making equalization aid sum certain instead of the current sum sufficient. Alternative 2 would maintain the sum sufficient which the legislature committed to last session. The gov's recommendation also includes a provision which says that he would be the one estimating how to meet the 2/3 funding requirement. However, in light of the estimate he turned in this year, which was \$56 million short, that proposal is probably not feasible. (see paragraphs 4 & 5).

Wineke's Leg. Council Study Committee also supports this Alternative as does the Senate Education Committee.

Paper No. 657: Alternative 2 (no action needed)

Comments: The Leg. Council Study Committee recommends maintaining current 66.7% of funding. The governor tried to propose 2/3 which would be 66.666% and would shave off \$4.3 million over the biennium. However, this doesn't maintain our commitment.

Paper No. 658: Alternative 3 (no action needed)

Comments: This is MPS' preference. (see bottom part of paragraph 5) The 5 year rolling average in alternative 1 hurts school districts with increasing enrollments (MPS). However, the Senate Education Committee thinks Alt. 1 is ok. (see paragraph 4)

Wineke will have a motion which came out of the study committee to provide an 85% hold harmless provision to protect declining enrollment districts. This would use a 3 year rolling average. (see paragraph 5)

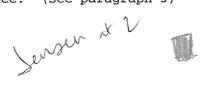
Od an

Paper No. 659: Alternative 2

Comments: Allows an inflation-based increase in per pupil revenues based on the CPI-U instead of locking it in at a flat rate. The rate of inflation would have to exceed 3.1% for the per pupil increase to exceed \$206 in 1998-99. This is the recommendation that came out of the Leg. Council Study Committee. MPS kind of prefers 1 but say that Alt. 2 is fine. (see second half of paragraph 5 paragraph 9)

Paper No. 660: Alternative 1

Comments: This alternative allows a school district to levy at less than the less than the maximum allowable in a given year without concern for its future revenue limit calculations. This also was recommended by the Study Committee. (see paragraph 3)





Paper No. 661: Alternative 2

Comments: This alternative would allow an increase in the revenue ceiling to \$5,900 in 97-98 and \$6,100 in 98-99 for the poorest districts. This is the same theory the governor proposed but goes him one better. This is also the Study Committee's recommendation. If this fails Alt. 1 would be ok. (see paragraph 6)

#### Paper No. 662: Alternative 1

- Jensen 2

Comments: This alternative cushions the financial blow to a district which transfers a student requiring services out by eliminating the requirement that the decrease in the former district's limit must be equal to or greater than the increase in the latter district's limit. (see paragraph 2) Maintaining current law will be a big problem for small school districts.

(Paragraph 4 notes that there is a Senate Bill that does essentially the same thing and it passed the Senate Education Committee 7 to 0)

Paper No. 663: Alternative 5 (no action needed)

lagoside

Comments: This is an attempt to put various restrictions on what local school boards can do. MPS does NOT want alternative 2. Anything but that they are ok with. Decker also has 5 here.

Paper No. 664: Alternative 1

Jauch motion state picks up difference.

Comments: This provides full funding for Sage, need we say more. Alternative 2 is ok, but Alt. 3 kills the program and is totally unacceptable.

#### Paper No. 665: Alternative 4 (see comments below)

3

Comments: Ultimately, we want to capture the \$100 mil that the gov puts towards the levy tax credit and use it in the next Paper to fund the creation of an aid program for low-income students. You need to indicate this to Jensen when you move adoption of Alternative 1.

Alt. 4 phases out the levy tax credit over a 6 year period, beginning in 1999 and takes the \$100 mil the gov wanted to add to levy credits and redirects them to equalization aids. This is also the Study Committee recommendation and would be ok if the committee won't approve an aid program for low-income students. Perhaps these should be taken up in reverse order. (see paragraph 9)

MPS is ok with alt. 4 but they definitely don't want alt. 1.

#### Paper No. 666: Alternative 1

Comments: This would create an aid program for low-income students, beginning in 1998-99. Assuming Alt. 1 is adopted in Paper 665, we want to use the \$100 million to pay for this program. See paragraph 1 and 6.)

Paper No. 667: Approve Modification

#### Paper No. 668:

Part A: Alternative 3 (no action needed)

Part B: Alternative 4 (no action needed)  $\frac{1}{6}$   $\frac{1}{2}$ 

Part C: Alternative 2 (no action needed)

Part D: Alternative 2

Comments: Essentially this is an attempt to restructure School-to-Work program which have been working quite well through a coordinated effort between DPI, DWD, and WTCS. This would put all the programs under DWD. Keep positions & funding in DPI. The gov's proposal would transfer more positions to DWD than directly work on school-to-work related activities at DPI. Check out paragraphs 3 and 5 which site constitutional concerns with taking education responsibilities away from State Superintendent. (see paragraphs 3, 5 & 13)

Part D which pertains to the Children-at-Risk grant program, again keep the control in DPI. MPS wants this alternative (#2). Alt. 1 isn't horrible, Milwaukee still gets the money, but DWD administers the program.

## Paper No. 669: (Beware, from here on we are working off bill)

Part A: Alternative 2

Part B: Alternative 1

Comments: These alternatives keeps the AODA programs in DPI. DHFS didn't request that these programs be transferred. Audit Committee sees no gain, in fact, recommends diverse approaches to providing these services. Transfer would require school districts to deal with 2 different state agencies for AODA funding and school aids, and contradicts the one stop shopping goal for government services. (see paragraphs 2 & 3)

Part B provides for an evaluation of the effectiveness of AODA programs and provides for legislative oversight.

#### Paper No. 670: Alternative 2 (d) & (e)

Comments: This alternative combination sets up the funding mechanism equivalent to that for the parental choice program. Clearly, we do not want a, b or c which would not allow certain entities in Milwaukee to participate. (see paragraphs 13 & 15). Alt. 1 would be ok too. WEAC's position is that this is policy and shouldn't be in the budget.

base

8:11

#### Paper No. 671:

Part A: Alternative 2

Comments: Under the gov's proposal only one signature is needed on a petition to establish a charter school.

Part B: Alternative 3

Comments: Because charter schools are instrumentalities of local school boards all responsibilities lie with those school boards therefore, they should have final authority to grant or deny the petition.

Part C: Alternative 2

Comments: Again, local school boards should be able to decide the length of a charter school contract.

Part D: Alternative 1

Comments: This is what MPS wants because it lets MPS determine whether or not charter schools established by the district would be instrumentalities of the MPS district. Solves the problem of pubic school teachers going to public schools, according to Doug Haslow.

Paper No. 672: Approve Modifications

Paper No. 673: Alternative 2

Part (a): 1 & 2 - mohor

Part (b): # 2

Part (c): 1

Comments: This combination is what MPS prefers. This allows school districts sufficient time to adjust their budget and staffing levels in response to changes in enrollment as well as accommodate the pupils needs. (see paragraph  $3\ \&\ 4)$ 

Part (b) alt. 1 provides students with additional scheduling flexibility while limiting the financial impact on school districts. (see paragraph 14)

Part (c) alt. 1 will eliminate confusion by providing a later start date for the changes to these programs. (see paragraph 15)

#### Paper No. 674:

Part A: Alternative 2

Comments: Pupils attending WTCS programs should be required to meet the same criteria as students attending UW institutions and private colleges. (see last sentence in paragraph 5) Part B: Alternative 2 (a) (b) (c) (d) (e) & (i)

Comments: We don't want (f)(g) & (h). FB makes a good case for these selections. (see paragraphs 6-15)

Part C: Alternative 2(b)

Comments: Allows pupils to take additional courses while limiting the financial impact on school districts. Decker wants alt. 3 because he doesn't want to see an expansion of this program.

Part D: Alternative 2(b) (a would hurt poor districts)

Comments: This would provide that if a pupil with exceptional educational needs attends a tech college under the program the payment from the pupil's school district would be adjusted to reflect the cost of any special services required for the pupil. (see paragraph 26) (Decker on board with this)

Part E: Alternative 1

Comments: Allows sufficient time for school districts and WTCS districts to prepare for and inform students of changes to the program. (see paragraph 27) (Decker prefers 2)

Part F: Alternative 2

Comments: Clarification needed to inform pupils which courses they can receive WTCS credit for rather than post-secondary credit. (see paragraph 28) (Decker wants 2)

Paper No. 675: Approve Modification + Burke/Jensen Motion

Comments: See George Brown memo and Julie has your talking points here. Your motion does not allow MA reimbursement funds for school medical services to be used to reduce aidable costs under the state's school equalization formula.

\*\*\*

**Burke Motion:** Your motion would designate the Milwaukee Public Library as the State Resource Library. Julie has separate talking points

Since part of this Department is base and part is bill we're unsure whether you need to move adoption of the items for which no paper has been prepared. Ask Bob, when we realized there was some of each FB was gone, or not picking up the phone. However, Chvala wants item #9 separated out of this list of items. This would reduce funding for the Children-at-Risk program. Even though \$300,000 lapsed in 1995-96 DPI anticipates expending all funds in 96-97 and any reduction in funding will likely force participating school districts to eliminate teachers and/or program slots for at-risk pupils.

(Decker will have a couple motions. One is a lifetime teacher motion which Barb thinks will get vetoed. They are doing it for some old

Dem fart in their district. Second motion is an Easter Seals respite camp motion, perhaps Russ can elaborate. Also, Wineke will probably have motions to remove the charter schools stuff from budget and have it considered separately arguing that these are policy items.)

To:

Joint Committee on Finance

From:

Bob Lang, Director

Legislative Fiscal Bureau

#### **ISSUE**

# Residential Schools -- Maintenance Funding (DPI)

[LFB Summary: Page 470, #20]

#### **CURRENT LAW**

Annual base funding allocated to maintenance projects is \$121,500 GPR at the School for the Deaf and \$89,000 GPR at the School for the Visually Handicapped.

#### **GOVERNOR**

Provide \$91,200 GPR annually for maintenance at the residential schools. Require the State Superintendent of Public Instruction to submit plans to the Secretary of DOA by October 1, 1997, and by October 1, 1998, specifying how the State Superintendent would allocate: (a) \$74,000 annually to fund maintenance projects at the School for the Deaf; and (b) \$17,200 annually for maintenance projects at the School for the Visually Handicapped. Direct that these amounts of funding would have to be allocated for maintenance projects, but that the funding could not be expended or encumbered until the required annual plan would be approved by the Secretary of DOA.

#### **DISCUSSION POINTS**

1. Last year, the Department of Administration directed DPI to allocate additional funding for facility upkeep and repairs at each school. As part of its agency budget submission, DPI requested, and the Governor recommended, \$91,200 GPR annually for maintenance at the residential schools. SB 77, when combined with base funding, would provide annual

maintenance budgets of \$195,500 GPR at the School for the Deaf and \$106,200 GPR at the School for the Visually Handicapped.

- 2. DPI working with the Division of Facilities Development in DOA developed the request that was approved by the Governor. The \$91,200 GPR annually would be used, in part, to purchase new or updated tools, compressor replacements, HVAC parts, air conditioning repairs and upgrades, chemicals and supplies for lawn maintenance, floor buffers and polishers, fire alarm controls and sensors, tree removal and contractual services.
- 3. The residential schools Director supports the bill provision that requires DPI to receive DOA approval prior to spending the increased funds. However, it could be argued that if DPI staff require additional assistance in allocating the recommended increases, DOA staff could be contacted for advice without the requirement to submit plans. Using this reasoning, the Committee could delete the requirement that the State Superintendent of Public Instruction submit plans to the Secretary of DOA by October 1, 1997, and by October 1, 1998, specifying how the State Superintendent would allocate the increased maintenance funds.
- 4. As indicated, DPI currently has base funding allocated for the upkeep and repairs at each school and spends this funding without receiving DOA approval. However, in the past, certain decisions were made to transfer some of this base funding for uses other than maintenance projects. The current Director of the residential schools, who was hired this past year, indicates that the base amounts and recommended SB 77 increases would be used for maintenance projects.

#### **ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation to provide \$91,200 GPR annually for maintenance at the residential schools and to require the State Superintendent to submit annual plans to the Secretary of DOA on how this funding would be allocated.

Alternative 1	<u>GPR</u>
1997-99 FUNDING (Change to Base)	\$182,400
[Change to Bill	\$0]

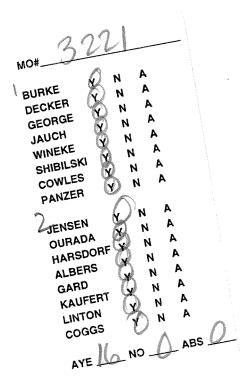
2. Modify the Governor's recommendation by requiring the State Superintendent to submit the annual plans specifying how to allocate \$195,500 GPR at the School for the Deaf and \$106,200 GPR at the School for the Visually Handicapped. This would require DPI to submit plans for the total annual maintenance budgets for each residential school, instead of just the SB 77 increases.

#### **PUBLIC INSTRUCTION**

# Residential Schools Maintenance Funding

Motion:

Move that the \$182,400 GPR of LFB Paper #650 be placed in the Joint Committee on Finance appropriation for release by the Committee upon approval of a report by the State Superintendent.



Alternative 2	<u>GPR</u>
1997-99 FUNDING (Change to Base)	\$182,400
[Change to Bill	\$0]

3. Modify the Governor's recommendation by deleting the requirement that the State Superintendent of Public Instruction submit plans to the Secretary of DOA by October 1, 1997, and by October 1, 1998, specifying how the State Superintendent would allocate the maintenance funds.

Alternative 3	<u>GPR</u>
1997-99 FUNDING (Change to Base)	\$182,400
[Change to Bill	\$0]

4. Maintain current law.

Alternative 4	<u>GPR</u>
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	- \$182,400]

Prepared by: Bob Soldner

мо#		2	>	
BURKE	Υ	N	A	
DECKER	Ÿ	N	Ā	
GEORGE	Ŷ	N	Ā	
JAUCH	Ÿ	N	Ā	
WINEKE	Ý	N	Ā	
SHIBILSKI	Ÿ	N	Â	
COWLES	Ý	N	Ā	
PANZER	Ý	N	Â	
JENSEN	Y	N	A	
OURADA	Y	N	Α	
HARSDORF	Y	N	Α	
ALBERS	Υ	N	Α	
GARD	Υ	N	Α	
KAUFERT	Υ	N	Α	
LINTON	Υ	N	Α	
coggs	Y	N	A	
AYE 1	40	Ai	3S	

To:

Joint Committee on Finance

From:

Bob Lang, Director

Legislative Fiscal Bureau

#### **ISSUE**

Minor Policy and Technical Changes -- Residential Schools - Housing Maintenance (Public Instruction)

[LFB Summary: Page 472, #26]

#### **GOVERNOR**

Reduce funding by \$4,000 PR annually from the 1996-97 base level of \$5,300 PR. This funding is used to maintain a house on the grounds of the School for the Visually Handicapped, which was unoccupied.

#### **MODIFICATION**

Adjust the Governor's recommendation by \$5,800 annually, which would represent a change to the adjusted base of \$1,800 annually. As a result, the School for the Visually Handicapped's maintenance budget for the house would be reestimated to \$7,100 annually.

**Explanation:** The amounts in the bill do not reflect the lease agreement that went into effect on March 1, 1997. The house is currently occupied by the School's Superintendent.

Modification	PR
1997-99 FUNDING (Change to Base)	\$3,600
[Change to Bill	\$11,600]

Prepared by: Bob Soldner

MO# Westications BURKE DECKER N GEORGE JAUCH WINEKE SHIBILSKI COWLES PANZER N ZJENSEN OURADA JENSEN
OURADA
HARSDORF
ALBERS
GARD
KAUFERT
LINTON N N N N coggs

To:

Joint Committee on Finance

From:

Bob Lang, Director

Legislative Fiscal Bureau

#### **ISSUE**

# Supplies and Services and Unspecified Budget Reductions (DPI)

[LFB Summary: Page 468-69, #14]

#### **CURRENT LAW**

The Department of Public Instruction (DPI) has \$11,172,600 GPR of annual base funding for department general program operations, of which \$2,620,600 GPR is allocated for supplies and services. Additionally, the state's residential schools (the Wisconsin School for the Visually Handicapped and the Wisconsin School for the Deaf) have annual base funding of \$9,347,100 GPR, of which \$745,900 GPR is allocated for supplies and services.

#### **GOVERNOR**

Reduce the agency's general program operations appropriation by \$491,600 GPR annually. Of the total reduction, delete \$102,000 GPR annually from the agency's general program operations supplies and services base budget. Require that DPI submit a report to the Governor and the Joint Committee on Finance by October 1, 1997, concerning the agency's preference for allocating the remaining \$389,600 annual reduction among the agency's sum certain GPR appropriations.

#### **DISCUSSION POINTS**

1. Under 1995 Act 27 (1995-97 state budget), DPI's base operating GPR budget was reduced by a total of \$6,044,700 and 99.22 positions in 1996-97 from the 1994-95 adjusted base. These reductions were accomplished by significant cuts, including: (a) a 29.8% reduction in

funding for DPI's overall general program operations; (b) a 13.4% reduction in funding for residential schools general program operations; (c) a 33% reduction in educational assessment funding; and (d) a 10% reduction in funding for minority group pupil scholarships. Additionally, the position reductions totalled 23.2% of DPI's base GPR positions. Excluding the state's residential schools, DPI's general program operations position authority was reduced by 69.8 GPR positions, or 33.8% in 1996-97, compared to the 1994-95 base.

- 2. Of the 1996-97 reductions, \$2,238,800 and 43.93 positions were specified by Act 27, and the remaining \$3,805,900 and 55.29 positions were unspecified reductions. DPI was required to report to the Joint Committee on Finance with a recommendation for how these additional reductions should be allocated. The Committee was required to approve or modify DPI's recommendations.
- 3. The proposed funding reduction in the 1997-99 budget bill is presented in the executive budget book as a budget efficiency measure and as a means to increase efficiency and reduce state government costs overall. Staff from DOA indicate that they believe DPI could achieve efficiencies through taking the full reductions from the agency and residential schools supplies and services budget, but have allowed the State Superintendent to indicate his preference for these reductions. However, it is unclear what efficiencies would remain to be achieved by DPI after budget reductions of the magnitude of those imposed in Act 27.
- 4. Staff from DPI indicate that while a budget reduction plan for the proposed funding reductions has not been determined, it is estimated that the \$491,600 annual reduction would result in the loss of approximately 7.0 GPR positions. A preliminary allocation of this funding reduction would eliminate one position from each of the four state operations divisions, which are Learning Support Instructional Services; Libraries and Community Learning; Finance and Management; and Learning Support Equity and Advocacy. In addition, three positions would be eliminated at the state's residential schools.
- 5. Under the bill, DPI would have 31 sum certain GPR appropriations from which it could allocate the proposed reductions under the bill. These appropriations include the following categories:
- a. Twenty school aid appropriations, including equalization aids and categorical aids, which would be counted as part of the state's commitment to fund two-thirds of school district costs. In 1996-97, these aid appropriations totalled \$3,530,418,900.
- b. Six appropriations would be for aids to individuals and organizations, including aids to public library systems, library service contracts, the youth village program, Very Special Arts, the Special Olympics and minority group pupil scholarships. The 1996-97 funding for these appropriations totalled \$13,919,300.

- c. Five appropriations would be for funding state agency operations and programs, including general program operations for both the Department and the state residential schools, energy costs, and the educational and pupil assessment program. The 1996-97 funding for these appropriations totalled \$22,734,300.
- 6. In the budget reductions instructions submitted to agencies in October, 1996, that required agencies to submit plans to reduce their budgets by 3.5%, DOA indicated that local assistance aids should not be included in agency reduction plans. Therefore, staff from DOA indicate that this proposed reduction should not include local school aids.
- 7. In their 3.5% reduction plan submitted to DOA in November, 1996, DPI indicated that it would take reductions from the supplies and services budget of all four divisions, the state's residential schools, the State Superintendent's office and pupil assessment programs, and aids to individuals and organizations under the Special Olympics, Very Special Arts, minority pupil scholarships, Youth Village and library service contracts.
- 8. Although DPI has indicated that it would not request to take the proposed funding reductions from any of the 20 school aid appropriations, it may be desirable to specify that these appropriations would not be subject to the unallocated reductions, due to their part in the two-thirds funding of school districts.
- 9. The bill would not establish a formal review mechanism for the Committee to review the proposed report by DPI concerning the allocation of the unspecified portion of the agency funding reduction. On similar provisions relating to the Arts Board and Historical Society, the Committee voted to require that the report be subject to the approval of the Committee under a 14-day passive review. The bill could be modified to provide that DPI could identify a proposed allocation of the funding reductions, subject to JFC approval under a passive 14-day review process.

## **ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation to reduce DPI's base budget by \$491,600 GPR annually.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	- \$983,200
[Change to Bill	\$0]

2. Modify the Governor's recommendation by: (a) specifying that no reduction could be made from the 20 appropriations for school aids; and (b) providing that DPI would have to

identify a proposed allocation of the funding reductions, subject to JFC approval under a passive 14-day review process.

Alternative 2	GPR
1997-99 FUNDING (Change to Base)	- \$983,200
[Change to Bill	\$0]

3. Maintain current law.

Alternative 3	GPR
1997-99 FUNDING (Change to Base)	\$0
[Change to Bill	\$983,200]

Prepared by: Ruth Hardy

2.1		pilipainain			
MO#					
	Y	N	A		
BURKE	Ÿ	N	A		
DECKER	Y	N	Α		
GEORGE	Y	N	A		
JAUCH WINEKE	Y	N	A		
SHIBILSKI	Y	N	A		
COWLES	Y	N	F		
PANZER	A	N	,	A	
P.Mira-				A	
JENSEN	Y	N		A	
OURADA	Y	7		Ā	
HARSDO	RF Y		N	A	
ALBERS	Y		N	A	
GARD	Y эт Y		N	Α	
KAUFER	i Ti Y		N	A	
LINTON			N	A	
coggs	'	ı			
	N	o		ABS	

## PUBLIC INSTRUCTION

Motion:

Move to reduce DPI's base budget by \$245,800 GPR annually.

Note:

This motion would restore 50% of the funding reduction to DPI that is proposed in SB 77.

[Change to Base: -\$491,600 GPR] [Change to Bill: \$491,600 GPR]

MO#	240	
BURKE	Y (N)	A
DECKER	YN	Α
GEORGE	Y) N	Α
JAUCH	Y N	Α
WINEKE	(Y) N	Α
SHIBILSKI	Y) N	Α
COWLES	Y N	Α
PANZER	(Ŷ) N	Α
JENSEN	Married Towns	Α
OURADA	779	Α
HARSDORF	-	A
ALBERS	Y N	Α
GARD	Y N	Α
KAUFERT	(Y) N.	Α
LINTON	Y (N)	Α
COGGS	Y (N)	A
AYE NO	5 ABS	

To:

Joint Committee on Finance

From:

Bob Lang, Director

Legislative Fiscal Bureau

#### **ISSUE**

Technical Modifications: Restore Statutory References to Department of Public Instruction (DPI)

[LFB Summary: Page 487, #37]

#### **GOVERNOR**

Restore the statutory references to Department of Public Instruction (DPI) and the powers of the State Superintendent of Public Instruction. Delete references to the Department of Education (DOE), the Secretary of Education and a separate Office of State Superintendent outside of DOE.

#### MODIFICATION TO BASE

Modify SB 77 to include correct statutory references to accomplish the intent of the bill.

**Explanation:** The bill inadvertently does not affect all of the statutory sections that require modifications.

Prepared by: Ruth Hardy

MO#WAdification BURKE DECKER GEORGE JAUCH WINEKE SHIBILSKI COWLES PANZER N JENSEN 2 OURADA HARSDORF ALBERS N N N N GARD N KAUFERT N LINTON N coggs AYE \_\_\_\_ NO \_\_\_\_ ABS

To: Joint Committee on Finance

From: Bob Lang, Director

Legislative Fiscal Bureau

#### **ISSUE**

### **High School Graduation Examination (DPI)**

[LFB Summary: Page 473, #28]

#### **CURRENT LAW**

Under current law, all school districts are required to administer four standardized examinations, including the Wisconsin reading comprehension test (WRCT) in third grade, and the fourth-, eighth- and tenth-grade knowledge and concepts examinations. The WRCT is an objective-referenced (scored in comparison to a minimum standard) test developed by the Department of Public Instruction (DPI) which is given to third grade pupils in the Spring of each year in order to: (a) identify marginal readers who may need remediation; (b) provide comparative performance data by school and school district; and (c) allow school districts to evaluate their reading programs.

The WRCT is comprised of four types of questions based on four narrative or expository writing passages: (a) prior knowledge; (b) reading strategies; (c) multiple choice; and (d) short answer questions included on a pilot basis. The exam, which includes 105 to 110 questions, is taken over four testing sessions within three weeks. Test scores for the reading comprehension questions are placed into three performance categories: partially proficient, proficient and advanced. WRCT exam questions are developed by Wisconsin teachers in conjunction with Metritech, the contractor for WRCT development.

Each school district in the state is required to administer the fourth-, eighth- and tenth-grade knowledge and concepts examinations, which are designed to evaluate the level of knowledge attained by pupils in the areas of mathematics, science, social studies, reading and language arts. The exams consist of multiple choice, short answer and essay questions; in addition, each test contains a non-academic section consisting of questions related to the pupil's

career interests, intended to aid in pupil guidance counseling and course selection. The tests require approximately six hours to complete and are generally administered over a three-day period.

The knowledge and concepts exams are not specifically linked to the curriculum and pupil performance is not measured against a minimum standard. In order to facilitate comparisons between schools and districts, DPI has designed a grand composite score which is equal to the sum of the total scores on each portion of the test. The Department currently administers the exams through a three-year contract with CTB/McGraw-Hill.

The knowledge and concepts exams are required, to the extent possible, to be free from bias. School boards can decide not to examine limited English-speaking (LES) and exceptional educational needs (EEN) pupils, or can modify the format to administer the tests to these pupils. In addition, any 4th, 8th or 10th grade pupil may be excused from taking the tests upon request of the pupil's parent or guardian.

#### **GOVERNOR**

Specify that if the Governor issues pupil academic standards by executive order, DPI would be required to develop a high school graduation examination designed to measure whether pupils meet the academic standards. Provide \$500,000 GPR in 1997-98 and \$850,000 GPR in 1998-99 for the development of the proposed high school graduation exam. Direct each school district to adopt a high school graduation exam that is designed to measure whether pupils meet the standards adopted by the school board. If a school board adopts the standards issued by the executive order, the school board could adopt the high school graduation exam developed by DPI. A school board would have to notify DPI if it adopts its own graduation exam.

Require each school board that operates a high school to administer the high school graduation test adopted by the board at least twice each school year beginning in the 1999-2000 school year. The school board would be required to determine in which high school grades the exam would be administered each school year. Beginning on September 1, 2001, a school board could not grant a high school diploma to any pupil unless the pupil has passed the high school graduation exam. School boards would have to provide pupils with at least four opportunities in the high school grades to take the exam.

#### **DISCUSSION POINTS**

1. By executive order in January, 1997, the Governor created the Governor's Council on Model Academic Standards which consists of the Lieutenant Governor who serves as chair, the State Superintendent of Public Instruction, the chairs and ranking minority members of the Senate and Assembly Education Committees and one public member appointed by the Governor.

The Council has been meeting to develop academic standards for all pupils in English language arts, mathematics, science and social studies at grades 4, 8 and 12. The Council must submit an interim report to the Governor by June 15, 1997, and a final report recommending the standards by September 15, 1997. If the Governor approves of the standards recommended by the Council, he could issue the standards by executive order. School boards could adopt these standards or issue their own standards.

- 2. Since its inception in January, 1997, the Council has gathered public testimony and is currently working in committees that have been formed dealing with each of the four academic areas. Committee members include school district, higher education, business, community group and state agency representatives. While input into the development of the standards has been broad, it may be desirable to include a provision for legislative oversight over the final standards issued by the Governor. The Committee could require that the standards be reviewed and approved by the Senate and Assembly Education Committees before DPI could develop the high school graduation exam based on the academic standards.
- 3. DPI indicates that it would not make decisions regarding the development of the high school graduation exam until after the Governor issues the academic standards; however, DPI expects to form several committees to develop the exam, including: (a) graduation test steering; (b) testing policy advisory; (c) bias review; (d) technical advisory; (e) discipline specific content review; (f) general content review; and (g) proficiency standard-setting. DPI believes the committee structure is essential to assure that the program is designed and conducted consistent with the values and beliefs of Wisconsin's citizens, and to guarantee that the program and tests meet the highest level of technical and content quality.

DPI estimates that the test would be approximately five hours long, with multiple choice, short answer and essay questions. The agency would prepare the exam in multiple forms in order to allow pupils to retake it up to four times prior to graduation. Pupils would be required to reach a single passing score in order to successfully complete the exam. DPI believes that by requiring pupils to pass an exam covering the academic standards would motivate parents, pupils and educators to improve the quality of instruction and effort directed toward learning.

4. The major costs of test development in the next biennium include administration and coordination (\$175,000); test content specification development (\$125,000) to determine the portions of the academic standards that would be measured by the high school exam; item specification development (\$125,000) to determine the specific skills to be measured in each content area; item development (\$400,000) to develop the specific questions in each academic area; and field tryouts (\$225,000) to pilot the examination in certain high schools around the state. DPI would develop the graduation exam in coordination with a contractor, through an arrangement parallel to that of the WRCT and knowledge and concepts exams. Given the magnitude of developing a statewide exam based on specific standards, the proposed funding level appears reasonable.

- 5. Proponents of the Governor's proposal to create and require a high school graduation exam contend that in order for Wisconsin to remain competitive in the 21st century, Wisconsin high school graduates must be able to demonstrate their knowledge and skills based on high standards across core academic subjects. A high school graduation exam would establish that a Wisconsin high school diploma would ensure a high quality graduate that is prepared for higher education, a competitive job market or community service. Further, because the proposal requires high schools to allow pupils to attempt the exam four times, pupils would have several opportunities to improve their performance and pass the exam.
- 6. Opponents of a high school examination requirement argue that such an exam would be expensive to develop and would provide little specific information about the skills or knowledge of a high school graduate in Wisconsin. They believe that pupils in Wisconsin are already tested more than necessary and that such testing contributes to: (a) inequitable tracking; (b) gender, racial, disability and income bias; (c) teachers that teach to the exam rather than for broad knowledge in a subject area; (d) school hours spent on testing rather than instruction; and (e) unfounded comparisons between the quality of school districts across the state that focus on a narrow measurement of success.
- Further, opponents contend that such a high-stakes examination may encourage EEN, LES and marginal pupils to drop out of high school, rather than fail an examination and be denied a high school diploma. It would be a great disadvantage to a pupil, to enter the workforce without a high school degree because he or she is unable to pass this exam, even though the pupil may have been diligent in his or her course of study. Opponents to the proposal argue that the decision to award a high school diploma should not be focused on one isolated performance, but rather include a broad array of pupil performance indicators, such as grade point average, general test scores, extracurricular activities and behavioral indicators. In a letter to the Co-Chairs of the Joint Committee on Finance dated April 24, 1997, the Senate Education Committee indicated that the Committee has concerns regarding the exam as a requirement of high school graduation, and has proposed that the high school graduation exam be taken out of SB 77.
- 8. Recent federal legislation in the Improving America's Schools Act (IASA), requires that states develop statewide pupil academic standards and pupil assessments that are linked to the academic standards. Wisconsin's current assessment program for 3rd, 4th, 8th and 10th grade pupils, as well as the academic standards currently being developed will likely meet most of the federal requirements. However, DPI indicates that the state must make progress in including LES and EEN pupils in assessments, because federal law requires that all pupils, including EEN and LES pupils, be taught the same knowledge and skills and be held to the same high standards. There may be a conflict with the goals of requiring a high school graduation exam and holding EEN and LES pupils to the same high standards as other pupils, while at the same time striving to award these pupils high school degrees.

- 9. DPI has developed statewide guidelines for including LES and EEN pupils in the current examinations in a manner that encourages high standards and skills for these pupils, while also providing incentives for passing the examinations. These guidelines include methods for providing the exam in alternate formats or under differing circumstances.
- 10. If the goal of the pupil academic standards and high school graduation exam is to ensure a high level of achievement across the state of Wisconsin and to establish that a high school diploma is a valuable indicator of graduate skills and knowledge, it may be beneficial to require the same high school graduation exam statewide in order to provide a standard measurement of pupil knowledge. Further, this might benefit institutions of higher education and potential employers when comparing high school graduates from varying regions of the state. The Committee may wish to require school districts to adopt the high school examination that would be developed by DPI based on the academic standards issued by the Governor, rather than develop a district-specific examination.
- 11. Under current law, upon the request of a parent or guardian, a school board can excuse a pupil for completing the 4th, 8th and 10th grade exams. This provision is included for parents who may have medical, personal or religious reasons for not requiring their children to take a standardized examination. The Committee may wish to include this provision for the high school graduation exam as well, and require school boards to establish alternate criteria upon which to determine qualification for high school graduation if a pupil has been excused from the high school graduation exam.
- 12. Beginning in the 1999-2000 school year, every high school would be required to administer a high school graduation exam. School districts would be required to give pupils four opportunities to take the exam before graduation and would likely administer the exam in the 10th, 11th or 12th grades. DPI indicates that the graduation exam may serve the same purposes that the 10th grade knowledge and concepts exam currently serves. Because the graduation exam would be required for graduation beginning on September 1, 2000, the Committee may wish to consider sunsetting the current 10th grade exam on June 30, 2001.

#### **ALTERNATIVES TO BASE**

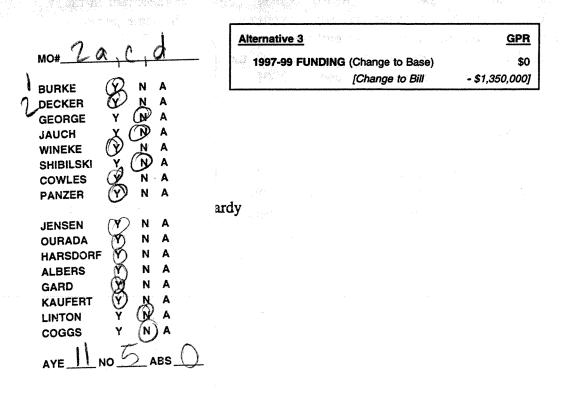
1. Approve the Governor's recommendation to establish a high school graduation examination, which would begin to be administered in the 1999-2000 school year. Provide \$500,000 in 1997-98 and \$850,000 in 1998-99 for the development of the proposed exam.

Alternative 1	GPR
1997-99 FUNDING (Change to Base)	\$1,350,000
[Change to Bill	\$0]

- 2. Modify the Governor's recommendation through one or more of the following:
- a. Require that the academic standards that would be issued by the Governor must be reviewed and approved by the Senate and Assembly Education Committees before DPI could develop the high school graduation exam based on these academic standards.
  - b. Require school districts to adopt the high school graduation examination that would be developed by DPI based on the academic standards issued by the Governor, rather than develop a district-specific examination.
- c. Require school boards to excuse a pupil from the high school graduation exam upon the request of a parent or guardian. Specify that school boards must establish alternate criteria upon which to determine qualification for high school graduation if a pupil has been excused from the high school graduation exam.
  - d. Sunset the current 10th grade exam on June 30, 2001.

Alternative 2	GPR
1997-99 FUNDING (Change to Base)	\$1,350,000
[Change to Bill	\$0]

#### Maintain current law.



To:

Joint Committee on Finance

From:

Bob Lang, Director

Legislative Fiscal Bureau

#### **ISSUE**

State Support for Elementary and Secondary Education (DPI)

[LFB Summary: Page 461, #2 and Page 464, #3]

#### **CURRENT LAW**

Under the provisions of 1995 Act 27, state support for elementary and secondary (K-12) education increases from \$3.032 billion in 1995-96 to \$4.035 billion in 1996-97. The purpose of this increase in state funding is to fulfill the commitment established in 1993 Act 437 to raise the state's average share of K-12 revenues to 66.7%, thereby significantly reducing the reliance on local property taxes to fund K-12 education. The two-thirds funding commitment is calculated on a statewide basis; the level of state aid received by an individual district may be higher or lower than 66.7%, depending on the district's per member shared costs and equalized value.

The statutes define both the numerator and denominator of the two-thirds state funding calculation. The numerator is the sum of state school aids, composed of 25 separate general and categorical aid appropriations, and the school levy tax credit. The denominator, which is called "partial revenues," is the sum of state school aids and property taxes levied for school districts.

The 1995-97 budget established a process for annually determining the amount necessary in the general equalization aid appropriation to meet the statutorily defined two-thirds funding level. Each year by June 15, the Departments of Public Instruction and Administration and the Legislative Fiscal Bureau must jointly certify to the Joint Committee on Finance an estimate of the amount necessary in the general equalization aid appropriation which, in combination with the amounts provided in the other state aid and levy credit appropriations, would achieve the 66.7% funding level in the following school year. Annually, by June 30 the Committee must determine the amount to be appropriated in the following school year. For 1996-97, the Committee met on June 27, 1996, and approved an additional \$30 million over the funding level

contained in the 1995-97 budget, which was the amount estimated in June that was needed to achieve the 66.7% funding goal.

#### **GOVERNOR**

. . . . .

Increase the total amount appropriated for general and categorical school aids from \$3,566,051,400 in 1996-97 to \$3,775,209,000 in 1997-98 and \$3,869,443,100 in 1998-99. Compared to the 1996-97 base year, school aids would increase by \$209,157,600 in 1997-98 and \$303,391,700 in 1998-99 (or \$94,234,100 over the 1997-98 recommended level). These proposed funding levels would represent annual increases over the prior year of 5.9% in 1997-98 and 2.5% in 1998-99. These amounts include increases of \$191,945,400 in 1997-98 and \$266,186,000 in 1998-99 for general equalization aids. Total equalization aid funding would increase from \$3,182,215,800 in 1996-97 to \$3,374,161,200 (6.0%) in 1997-98 and \$3,448,401,800 (2.2%) in 1998-99.

Establish the distribution amount for the 1999 school levy property tax credit at \$569,305,000 or \$100,000,000 over the 1997 and 1998 funding level of \$469,305,000. The higher amount would affect property taxes levied in 1998 (payable in 1999), but would be paid by the state in fiscal year 1999-2000.

The administration estimated that the bill would provide two-thirds state funding of partial school revenues in the 1997-99 biennium. The bill would increase state funding from the base amount of \$4,035,356,400 in 1996-97 to \$4,244,514,000 in 1997-98 and \$4,438,748,100 in 1998-99. Compared to the 1996-97 base year, state funding would increase by \$209,157,600 in 1997-98 and \$403,391,700 in 1998-99 (or \$194,234,100 over 1997-98). These funding increases would represent annual increases over the prior year of 5.2% in 1997-98 and 4.6% in 1998-99. A summary of these funding amounts with the administration's estimates of partial school revenues is presented in the table below.

# State Support for K-12 Education (\$ in Millions)

		<u> 1997-98</u>		<u>1998-99</u>	
	<u> 1996-97</u>	<u>Amount</u>	<u>Increase</u>	<b>Amount</b>	<u>Increase</u>
State Funding:					
General Aid	\$3,184.5	\$3,376.5	\$192.0	\$3,450.7	\$74.2
Categorical Aid	381.6	398.7	17.1	418.7	20.0
School Levy Tax Credit	<u>469.3</u>	<u>469.3</u>	0.0	569.3	100.0
Total	\$4,035.4	\$4,244.5	\$209.1	\$4,438.7	\$194.2
Partial School Revenues	\$6,094.1	\$6,366.7	\$242.6	\$6,658.1	\$291.4
State Share	66.22%	66.67%		66.67%	

### **DISCUSSION POINTS**

- 1. SB 77 would provide \$4,244.5 million in 1997-98 and \$4,438.7 million for 1998-99. Based on current estimates of projected K-12 partial revenues, it is estimated that an additional \$23.1 million in 1997-98 and \$33.3 million in 1998-99 of equalization aids funding would be needed to meet the two-thirds goal, for a total of \$56.4 million in the 1997-99 biennium.
- 2. Two factors contribute to this higher estimate. First, the amount of per pupil revenues allowed to school districts under state revenue limits is higher than that used in SB 77, which accounts for approximately 60% of the increased cost. Second, the remaining 40% of the additional cost is attributable to higher estimates of the debt levy for school district borrowing.
- 3. The level of state support for K-12 education, measured as a percentage of partial school revenues, has been almost 50% or more each year during the last four years. Specifically, it has been 48.4% in 1993-94, 51.0% in 1994-95, 52.9% in 1995-96 and estimated to be 66.2% in 1996-97. The Committee could repeal the current law 66.7% funding goal and appropriate, on a sum certain basis, the amounts in SB 77, which would provide an estimated 66.31% in 1997-98 and 66.17% in 1998-99 of partial school revenues.
- 4. School district revenue limits are defined as a limit on the amount of revenue obtained through the combination of general school aids and the property tax levy. General school aids consist of the following (as they apply to a particular school district): (a) equalization aid; (b) integration (Chapter 220) aid; and (c) special adjustment (hold harmless) aid. In total, these aids represent nearly 90% of the funds provided as state aid to school districts.
- 5. Under revenue limits, any decrease in the amount of equalization aids could be offset with an increase in the property tax levy. It is anticipated that most school districts would increase the property tax levy to offset any loss of state aids.

#### **ALTERNATIVES TO BASE**

1. Approve the Governor's recommendation to provide \$191,945,400 in 1997-98 and \$266,186,000 in 1998-99 compared to the base year for general equalization aids. It is estimated that SB 77 would provide 66.31% in 1997-98 and 66.17% in 1998-99 of partial school revenues.

Alternative 1	. GPR
1997-99 FUNDING (Change to Base)	\$458,131,400
[Change to Bill	\$0]

2. Modify the Governor's recommendation by providing an additional \$23,100,000 in 1997-98 and \$33,300,000 in 1998-99 for general equalization aids. It is estimated that this would provide two-thirds of partial school revenues in each year of the biennium.

Alternative 2	GPR
1997-99 FUNDING (Change to Base)	\$514,531,400
[Change to Bill	\$56,400,000]

3. Maintain the base funding level of \$3,182,215,800 annually, eliminate the current law goal of 66.7% of partial school revenues and provide the funds on an annual sum certain basis. This would represent a reduction of \$191,945,400 in 1997-98 and \$266,186,000 in 1998-99 from the bill. It is estimated that this would provide 63.31% in 1997-98 and 62.20% in 1998-99 of partial school revenues.

Alternative 3	· .	GPR
1997-99 FUNDING	G (Change to Base)	\$0
	[Change to Bill	- \$458,131,400]

Prepared by: Bob Soldner

мо#_Д	<u>t.</u>	2		
BURKE	(2)	N	A	
DECKER	A	N	A	
GEORGE	Y	$\odot$	Α	
JAUCH	B	N	Α	
WINEKE	Y,	Ø.	Α	
SHIBILSKI	P	Ñ	Α	
COWLES	Ø.	N	A	
PANZER	B	N	Α	
	0			
JENSEN	X	N	A	
OURADA	X	N	A	
HARSDORF	X	N	A	
ALBERS	X	N	Α	
GARD	Z.	N	Α	
KAUFERT	Y	N	A	
LINTON	X)	N	A	
COGGS	(A)	N	A	
AYE 14	vo_[	A	BS.	0

# PUBLIC INSTRUCTION

# Eliminate 66.7% Funding Requirement

Motion:

Move to delete current law that establishes a funding goal of 66.7% of partial school revenues and, instead provide equalization funding at the level otherwise approved in an annual sum certain appropriation.

мо#	2	<u> </u>		
BURKE	Y	(N)	A	
DECKER	Y	N	A	
GEORGE	(Y)	N	A	
JAUCH	Y	(N)	A	
WINEKE	(v)	N	Α	
SHIBILSKI	Y	(D)	Α	
COWLES	Υ.	N	Α	
PANZER	Υ	N	Α	
	12			
JENSEN	Υ	(N)	Α	
OURADA	Υ	N	A	
HARSDORF	Υ	N	Α	
ALBERS	Y	N)	Α	
GARD	<b>Y</b> ?	N	Α	
KAUFERT	Υ	N	Α	
LINTON	Y	N	A	
coggs	Y	N)	Α	
AYE 2 N	0	14	ABS ()	